

# LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO

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**DATE:** JULY 9, 2003

**FROM:** KATHLEEN ROLLINGS-McDONALD, Acting Executive Officer

**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT: AGENDA ITEM #8:** LAFCO SC#199 -- City of Redlands OSC #03-28 for Water and Sewer Service (Tract 15410)

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SUBMITTED BY:

City of Redlands on behalf of property owner/developer

RECOMMENDATION:

- 1) For environmental review, take the following actions:
  - a. Certify the Commission has reviewed and considered the environmental assessment and Negative Declaration prepared by the County of San Bernardino for the Minor General Plan Amendment and Tentative Tract 15410 for the 10-lot development on 2.85 acres; and found them to be adequate for Commission use;
  - b. Determine that the Commission does not intend to adopt alternatives for this project, that all mitigation measures are the responsibility of the County of San Bernardino, not the Commission, and are self-mitigating through implementation of the adopted Conditions of Approval for the project; and,
  - c. Direct the Clerk to file the Notice of Determination within five working days.
- 2) Approve SC#199 authorizing the City of Redlands to extend water and sewer services outside its boundaries to Tentative Tract No. 15410, a 10 residential lot subdivision, on APN #0298-221-11;

- 3) Adopt LAFCO Resolution #2776 setting forth the Commission's findings, determinations and approval of the agreement for service outside the City of Redlands' boundaries.

If the questions regarding the charges for service extension are not answered to the Commission's satisfaction, then continuation to the September 17, 2003 hearing would be recommended.

### **BACKGROUND:**

The City of Redlands has submitted an application for authorization to provide water and sewer service outside its corporate boundaries as permitted by Government Code Section 56133. The City has submitted this proposal in response to an application for water and sewer service by the developer of the project described as Tentative Tract 15410. The project to be served involves the subdivision of a 2.85 acre parcel into ten (10) residential lots for ultimate development as single-family residences.

The County of San Bernardino Land Use Services Department has processed the following approvals for this contract area: (1) a Minor General Plan Amendment from 4mRm (multi-family residential) to RS (single residential minimum 7,200 sq. foot lots); and (2) Tentative Tract 15410 which proposes 10 residential lots. The Conditions of Approval placed upon this project include the requirement for connection to the City of Redlands water and sewer system. At the present time, the City's water and sewer lines are located fronting the proposed parcels within Ansley Lane (Attachment 1 includes a Location Map identifying this area). The proposed contract would allow the developers of the project to connect to this existing infrastructure.

The developer of this project, Neal Baker, has signed an Agreement for Annexation with the City of Redlands in order to receive water and sewer service. The procedure for utility services outside the City boundaries requires that the developer contact the City's Municipal Utilities Department to assure that the City requirements, as defined in the City's Municipal Code Section 13.60, are met. The requirements include that the area has been reviewed by the appropriate planning authority; it requires that the development proposed be in concert with the City of Redlands General Plan for the area; and that all fees applied by the City of Redlands have been paid.

The Developer of this project completed the County land use process for a General Plan Amendment and Tentative Tract in February 1998. The City of Redlands Community Development Department has reviewed the project indicating that the anticipated development is in concert with the City's General Plan designation of Low-Medium Density Residential, allowing a maximum of 8 units per gross acre. In addition, the City prepared a Socio-Economic Impact Analysis for the Pre-Annexation Agreement for Tentative Tract

15410 which shows a positive cost/revenue effect should the area be included in the City. The City's review of the pre-annexation agreement also included an environmental assessment of the project which determined that there was no adverse effect from extending the service.

Pursuant to Commission policy, applications for service contracts require the inclusion of information regarding all financial obligations for the extension of these services. The provisions of Measure U within the City of Redlands require that the developer pay an amount equivalent to all development fees of the City of Redlands as a condition for access to water and sewer service. This item is identified in the Agreement between the City and Developer under Item #6 on page 3 (a copy of the Agreement is included as an attachment), which has been signed by all parties. In addition, the future residents of the residential units will be charged premium rates for water and sewer service (1.5 times the in-city rate).

The application materials indicate that the following amounts are required from the developer prior to connection to the City's water and sewer facilities:

|  |           |
|--|-----------|
| Water Fees   | \$55,888  |
| Sewer Fees   | \$41,288  |
| Solid Waste (listed as equivalent sum to City<br>Impact Fee)           | \$6,500   |
| Public Improvement (listed as equivalent sum to<br>City Impact Fee)    | \$92,630  |
| Park (listed as equivalent sum to City<br>Impact Fee)                  | \$19,690  |
| Total charges to be paid for receipt of<br>Water and Sewer Connections | \$215,996 |

Staff's comment and/or concern in regard to the items outlined above is it appears that those not tied to a service to be actively provided by the City following contract authorization would need to be accounted for in such a manner that they can be easily identified in the future. Staff understands that the City will not be providing the services identified by the imposition of the solid waste, public improvement (police and fire facilities), or park items until such time as the area is annexed; therefore, the expenditure of these funds would appear to be inappropriate. Staff has reviewed the question of whether or not these items are "fees" in the traditional sense since the descriptions used within the City's "Municipal Utilities Department Requirements and Approvals OSC 03-28" are somewhat confusing. The City Attorney has indicated that these amounts are not "fees" in the traditional sense (copy of response attached). In addition, staff has reviewed the question as to the method used to account for these revenues with City staff, but has not

received an official written response as of the date required to close this report. However, staff's discussions with the City Manager and Finance Director for the City have indicated that the amounts are deposited in the City General Fund and are not accounted for separately, but they are reviewing the City policies regarding these determinations. Staff will provide further information at the hearing on this question.

The County Consolidated Fire Agency has forwarded its concern to LAFCO regarding the future annexation of this area as required by the Annexation Agreement and its impact upon the funding for the Mentone Fire Station under CSA 38. Within the fees identified above, the Public Improvement item includes charges for fire facilities as identified by the City staff. Staff's response to this concern would be that until such time as the City annexes this area, which may be quite sometime as it is not contiguous to City boundaries, the District will receive the increased level of funding for the provision of its services. The future of fire protection within this portion of the Valley is the subject of further discussions as outlined in the County's Fire Financing Study which is outside the scope of the review of this individual contract.

Authorization of this agreement by the Commission is required before the City of Redlands can take the final actions to implement the agreement, which will apply to the developer and future property owners of the ten lots. In order for this development project to proceed to record the final tract map, etc., the developer must show proof of his ability to connect to the City of Redlands' water and sewer infrastructure (County Conditions of Approval, Items #28 and #29), which will be the Commission's authorization for the agreement with the City Council.

The staff has reviewed this application against the criteria established by Commission policy and Government Code Section 56133. The area is within the sphere of influence assigned the City of Redlands for the Mentone community, and is anticipated to become a part of that City sometime in the future. The City and Developer have entered into an Annexation Agreement that specifies the requirements of both parties regarding future annexation and the extension of service. The area has been zoned for residential uses by both the City of Redlands General Plan and the County's General Plan addressing the Mentone community. The development application requires the connection to the City's water and sewer infrastructure, as identified in the adopted Conditions of Approval. The developer will be required to extend the necessary infrastructure to the individual lots at his expense and the future residents of the tract will be required to pay premium rates to the City for both water and sewer service.

The staff supports the City's request to provide water and sewer service by contract to the proposed residential development since its facilities are adjacent to the anticipated development, and there is no other existing entity available to provide the level of service required by the tentative tract within the area.

FINDINGS:

1. The Tentative Tract and General Plan Amendment provide for a ten-lot subdivision. The County's review of the General Plan Amendment and tentative tract was approved on April 7, 1998. The tentative tract approval included within its "Conditions of Approval" the requirement for connection to the water and sewer facilities of the City of Redlands.

The agreement for extension of service and annexation between the Developer and the City of Redlands was signed by Neal Baker on April 9, 2003, approved by the City Council on May 13, 2003, and signed by the Mayor on the same date. The City Council's approval included the Socio-Economic Impact Study and environmental assessment of the Agreement.

2. The service contract being considered is for the provision of water and sewer service to a 10-lot, single-family residential tract by the City of Redlands to fulfill the Conditions of Approval imposed by the County. This contract will remain in force for the future property owners of these anticipated parcels in perpetuity, or until such time as the area is annexed. The approval of this application will allow the property owner and City of Redlands to proceed to finalize the contract for the extension of water and sewer service.
3. The "sums equivalent to the City's development impact fees" charged this project by the City of Redlands, pursuant to the provisions of its Municipal Code Section 13.60 et seq., are identified as totaling \$215,996. These fees are required to be paid by the Developer, Neal Baker, as indicated in the Requirements and Approvals OSC 03-28", during the calendar year of 2003.
4. In March of 1998, acting as the CEQA lead agency, the County prepared an environmental assessment for the Tentative Tract and minor General Plan Amendment for the overall development and adopted a Negative Declaration. The City of Redlands reviewed the Socio-Economic Impact Study and Annexation Agreement for water and sewer service and adopted their Negative Declaration in September 2002. All of these indicate that the project would not have a significant effect upon the environment through its development under the Conditions of Approval imposed.

LAFCO Environmental Consultant, Tom Dodson and Associates, has provided a review of the County's initial study and Negative Declaration issued for this Tentative Tract and General Plan Amendment. Mr. Dodson's analysis has indicated that the County's initial study and Negative Declaration are adequate for the

Commission's use as a CEQA responsible agency. The Commission will not be adopting alternatives or mitigation measures for this development, as these are the responsibility of the County. Attachment #5 provides a copy of Mr. Dodson's response and recommendation regarding the Commission's review and necessary actions to be taken.

KRM:

Attachments:

1. Vicinity Map showing relationship of parcel to be served and City boundaries
2. City Attorney Response and City Form identified as "Requirements and Approvals for OSC 03-28"
3. City Application, Agreement and Socio-Economic Impact Study and Environmental Assessment
4. County Conditions of Approval for Tentative Tract/General Plan Amendment
5. Letter from County Consolidated Fire Agency, Assistant Chief Terry Smith
6. Tom Dodson and Associates response and County's environmental analysis of Tentative Tract and General Plan Amendment
7. Draft Resolution #2776